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Davidson may levy developer's fee

It would be charged for building six or more homes, help schools in area of fast growth

By Laura Giovanelli

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LEXINGTON

Drive past former farmland on N.C.150, and it's clear that the temporary cash crop in Davidson County is new homes.

County officials say that the bulk of them - and the new people, students and traffic they bring - are coming from the north.

The solution may come from the south.

The Davidson Board of County Commissioners voted unanimously Tuesday to ask the county staff to consider a new fee that would be imposed on developers building six or more houses.

The result may be an ordinance similar to a fee recently adopted by the Stanly County Board of Commissioners in September 2004. That fee charges developers in the Charlotte bedroom community \$1,500 a home in cash, land or infrastructure improvements when they build houses near already crowded schools.

The idea has been debated and even passed as local law in other counties near metropolitan areas across the state. In Davidson County, that growth is creeping in from new subdivisions clustered along the Forsyth, Guilford and Randolph county lines.

It's called an adequate public facilities fee - a way for local governments experiencing fast growth to bring in money for schools and other infrastructure by charging developers a set amount for each subdivision lot. Across North Carolina, such fees are becoming more common as officials struggle to balance the demand for new houses and the need for new schools.

If Davidson commissioners agree to such a fee, it would be the first in the Triad.

They're in for a fight. At least one local homebuilders' association says that it will protest the fee.

Another fee will just trickle down to the builder, the construction worker and eventually the new homeowner, said Charles Rothrock, the president of the Home Builders' Association of Davidson County.

Harry Weiler, the executive officer of the Winston-Salem Homebuilders' Association, which represents many builders who have crossed county lines and developed land in northern Davidson, said that the group will probably oppose it.

"Our concern is if you start passing on infrastructure needs to a developer that probably ought to be paid by the county," said Glenn Cobb, a lobbyist for the homebuilders' group.

Developers may decide to build out of the county if an ordinance passes, putting Davidson County at a disadvantage, Cobb said.

Fees on developers can mean fewer jobs in construction - one of Davidson County's only thriving industries, Rothrock said - and increased costs for people buying houses, especially those in the market for houses under \$150,000.

"A lot of people cling to the edge when they first start," said Dan Smith, a Lexington Realtor and developer and a former county commissioner who recently developed Lingle Farms, an 83-lot subdivision of custom homes near the Reeds community in western Davidson.

"On the other hand ... I realize the money to run the government has got to come from someplace," Smith said. "Nobody wants to be at the mercy of that, but someone has to be."

Just \$1,500, which Walser estimates adds \$9 to a monthly mortgage payment over 30 years on a \$150,000 house, can seem like a lot of money to lower-income people, who Rothrock says "need housing in the worst way."

But \$1,500 a house, on 648 new lots recorded in Davidson County last year, would have brought in \$972,000 in extra revenue in 2004.

To Walser, that's a good start toward a new school. He says he is ready for the fight over the new fee.

But talks are impending for a multimillion dollar school-bond referendum to ease more than \$117 million of school construction and renovation needed by the county's three school systems over the next five years, so the former superintendent of Davidson County Schools doesn't see that he has a choice.

In Durham County, the push to pay for new-school construction has ended up in court. Developers and landowners sued the county after county commissioners decided to charge developers an impact fee of \$2,000 for each new single-family house. The developers won, but Rich Ducker, a land-use specialist and professor at the School of Government at UNC Chapel Hill, said that the decision probably will be appealed, although the General Assembly didn't approve the fees.

Adequate public facilities fees are similar to impact fees, but legislators do not have to approve them, Ducker said. Municipalities within a county must comply with the ordinance, too, Walser said.

A possible disadvantage, Ducker said, is that such a fee is more of a contribution that a developer has to make if he or she wants to build in a certain place, not a consistent stream of revenue. "It's not a regulatory fee at all, at least in theory. It's a voluntary contribution," he said. "The distinction (between) what is a regulatory fee and what is a voluntary contribution is a very blurry line indeed."

Along with Stanly and Carrabus counties, Currituck County collects money through adequate public facilities fees, said Paul Meyer, a lobbyist with the N.C. Association of County Commissioners. Union and Lincoln counties, also near Charlotte, have considered the fee, according to The Charlotte Observer.

"My guess is that statewide ... folks out there are perusing alternative revenue sources ... that bedroom communities across the state are all in the same position," Meyer said.

Some local developers admit that their livelihood is affecting county classrooms. "I don't know what the answer is," Rothrock said. "I just know when you take food out of children's' mouths because their dad has lost his job in construction due to a silly tax, it creates even more of a burden."

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